

CITY OF POMEROY
Garfield County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. Internal Controls For Accounting Duties Should Be Established And Implemented

During our audit of the following material accounting systems, we noted that the segregation of duties is inadequate to ensure that accounting records are accurately maintained.

Utility Accounting) The city clerk prepares and mails the monthly billings. The clerk also receives the payments for the utility bills, prepares the receipt, and posts the payment to the utility system and prepares and posts the noncash adjustments. There is no supervisory or secondary review of these procedures.

Other Cash Receipts) The city clerk collects the cash and prepares receipts for other moneys collected at city hall. Along with the utility payments, the money received is placed in an open area for the city treasurer to retrieve. The city treasurer also receives money in the mail and prepares a treasurer's receipt. The city treasurer prepares bank deposits for all money received and takes the deposit to the bank daily. The city treasurer performs all investment activity and receipts the interest received on investments. There is no review of the city treasurer's work. Both the city clerk and city treasurer have full computer access capabilities to the billing and receipting systems. All have the ability to make noncash adjustments, also.

Expenditures) The city clerk is responsible for processing and the accounting of vouchers and payroll. The city council approves vouchers. Again, there is no computer access restriction to the systems that process these transactions. The city treasurer and her deputy have access capability to any of the expenditure functions.

Disbursements) The city treasurer has complete control of the city's checkbook. She prepares checks, redeems all warrants, performs all investment activities as discussed above, prepares the deposits, and performs the bank reconciliation. There is no review of any of the disbursement activity. Once the receipts are given to the treasurer for deposit, no one reviews the bank statement or deposit slip. Further, the city treasurer is responsible for posting the redeemed warrants and any other disbursement activity to the general ledger processed by the computer.

Without supervisory approval or review and in the absence of any access restrictions to the accounting system, the city substantially increases the risk that errors or irregularities could occur and not be detected in a timely manner.

We recommend that city officials establish and implement internal controls to ensure that there is segregation of duties and to restrict computer access to authorized personnel only.

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Schedule Of Federal Findings

1. The City Should Improve Monitoring For Compliance With The Davis-Bacon Act

The city could not provide evidence of the monitoring performed for the \$60,000 construction grant awarded for the renovation of the Pomeroy City Park. This project was funded by a grant (CFDA 10.670) from the U.S. Department of Agriculture.

General administrative requirements for all federal assistance programs require compliance with the Davis-Bacon Act. That requirement states in part:

When required by federal grant program legislation, all laborers and mechanics employed by the contractors or subcontractors to work on construction projects financed by federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor. [40 Stat 1494, Mar. 3, 1921, Chap. 411, 40 U.S.C. 276A-276A-5].

Staff turnover in the city's public works department may be the cause for the lack of monitoring procedures performed. No monitoring records could be located in the public works department by the newly hired public works director. City staff believed the Davis-Bacon requirements may have been reviewed and monitored by the engineering firm the city contracted with to oversee the project. However, as of the date of this audit report, the engineering firm had not responded to city officials' request for the records, if any.

Without an effective system to monitor contractor compliance with prevailing wage requirements the city cannot be assured that the prevailing wage rates were paid to employees of the contractor.

We recommend that the city obtain the necessary documentation to determine if prevailing wages were paid for the project.

We further recommend the city improve monitoring of future contracts to ensure compliance with prevailing wage requirements.